

Most important News – September 2006

The SARG used its control of the press throughout the month of September to assert an overall improvement in the performance of the Syrian economy despite the “U.S.-led international political and economic pressure” as well as the war conditions that prevailed in the region. Government dailies focused on the increasing economic and commercial cooperation between Syria and Iran; lauded Syria’s potential as an ideal place for FDI; highlighted the success of the concerned authorities in discovering and stopping smuggling operations; and praised the increase in the number of tourists visiting Syria. Late in September, the state-owned press widely covered the Russian offer to sell with favorable terms Russian-manufactured passenger airplanes to the Syrian Arab Airlines. Conversely, press articles continued to criticize the authorities for their inability to curb inflation and to limit the erosion of people’s purchasing power. End summary.

2. Smuggling: Throughout September, state-owned as well as private press continued trumpeting the success of the customs departments in stopping smuggling operations across all Syrian borders. Early in September, regional press reported on Kofi Anan’s meeting with President Asad in which President Asad pledged to curb the smuggling of weapons to Lebanon. Local dailies highlighted the success of the customs authorities in thwarting several attempts to smuggle in cigarettes, cement, and electrical appliances from Lebanon and Turkey and to smuggle out diesel to Lebanon and Turkey. According to the press, some of the enforcement efforts resulted in armed clashes between the customs officials and the smugglers. Late in September, the topic of a diesel shortage in the local market, which was blamed on massive smuggling operations of this heavily subsidized commodity to neighboring countries, became front-page news. All newspapers had articles reporting on precautionary governmental meetings discussing the availability of diesel for local consumption as well as the best means to strictly monitor the border areas. In mid-September, “al-Thawra” newspaper reported on the success of the customs officials at the Syrian-Jordanian border crossing in thwarting an attempt to smuggle in five tons of Israel-origin fruits (mangoes).

3. Syrian Arab Airlines: Late in September, state-owned press reported on the visit of a delegation representing the Russian “Il-Yushin” and “Fiabazarasht” airplanes manufacturing companies who met with the Syrian Minister of transport, Ya’rub Bader, the Chairman of the Syrian Arab Airlines, and other concerned officials to discuss the technical aspect of the Russian airplanes purchase deal. Dailies quoted TransMin Bader as saying that the SARG is seriously considering the purchase of seven Russian passenger airplanes: three Il-96 and four Tu-204. Press articles reiterated Bader’s statement that nothing will hinder the success or the continuation of discussions of the details of this deal. According to the press, the airplanes will be bought with a 15-year soft loan at very low interest rate, already approved by the Russian “Douma”. Articles also conveyed that the first Russian airplane will be scheduled to land at the Damascus International Airport within 18 months.

4. Syria and Iran: Throughout September, government-owned as well as quasi-independent press had front page articles pertaining to the continuous strengthening of the economic, industrial, trade and tourism cooperation relations between Syria and Iran. In early September, press articles reported on the visit of an Iranian delegation, headed by the Governor of Markazi Province and Isfahan, to Syria and their meetings with high Syrian officials to discuss a further boosting of the existing cooperation relations. The press also reported on the visit of this delegation to other Syrian cities including Homs and Aleppo where workshops and forums were held and MOUs were signed. Syrian press widely covered the visit of the Syrian Minister of Tourism, Sa’dallah Agha al-Qal’a, to Iran to attend the “Syrian Tourism Week” in Tehran and to enhance tourism relations between both countries. Dailies reported on the tourism cooperation agreement minister al-Qal’a signed at the end of his visit with his Iranian counterpart that permits about 4,000 Iranian travel agencies to organize integrated tours to Syria and lowers the Syrian visa fee rate. Also, press articles conveyed that it was agreed to establish a new air route flown by unspecified airlines, Tehran-Damascus-Karakas, to encourage and attract expatriates and tourists from Latin America. In mid September, local and regional media reported on the intention of Iran and Venezuela to construct a joint 150,000 bpd oil refinery in

Syria. All state-owned and private press reported on the 10-day visit of a delegation from the Iranian "Amiran" company, headed by its Chairman, to Syria and described it as very successful as it was crowned by signing five important agreements: the import and operation of 1,200 Iranian-built bio-diesel public busses in Damascus as the first phase of the project to import a total of 5,000 busses, the construction of 50,000 housing units in Adra near Damascus, the establishment of an Iranian industrial city in the industrial zone of Homs which will house a steel and iron manufacturing plant and an 800 megawatts power generation plant, the establishment of a \$100 million joint industrial bank along with an insurance company, and the construction of two tourism resorts in the coastal city of Latakia. Late in September, dailies reiterated the promise of the Director General of the Iranian "Iran Khodro" company that the first Syrian car will be out in the local market before the end of 2006.

5. Prices: Throughout September, the topic of skyrocketing commodities prices in the local market dominated the state-controlled as well as the private press. In early September, private press cautioned that inflation has exceeded the SARG target level and reached 7.2% during the first six months of 2006. Each and every state-owned newspaper had articles describing the unjustified increase in the prices of basic commodities, locally produced and imported, and called for the quick intervention of the concerned authorities to limit the greed of retailers. Many articles claimed that an additional dose of price increases occurred during the first few days of the holy month of Ramadan which is traditional. On September 24, the first day of Ramadan, all media praised the President for the legislation decree he issued instructing to pay every government employee a one-time grant of a one-half-month salary. Editorials described the grant as a personal handshake between the President and every Syrian family in the country. Late in September, press articles reported on the Ministry of Economy and Trade's decision banning the export of eggs, onions, and potatoes in hope of brining their prices down to the normal level. Articles conveyed that the Ministry has threatened to issue similar decisions if the prices of meats and olive oil remain as high and to permit the import of currently prohibited commodities in order to increase competition in the market.

6. Foreign Direct Investment (FDI): Articles in the state-owned and in the private press continued to paint Syria as an ideal place for FDI despite all economic and political barriers. Early in September, dailies ran lead stories that the Deputy Prime Minister for Economic Affairs, Abdallah Dardari, asked the Supreme Investment Bureau to form a special team to prepare for an "Investment Marketing" campaign that is scheduled to be launched in early November and will continue through the end of the year to cover the Gulf countries, Egypt, Iran and several European countries. In mid September, state-owned press gave front-page coverage to the meeting between Syria's Minister of Tourism and a delegation representing the Kuwaiti "al-Nour" company to discuss the establishment of a big tourism village on the banks of the November 16th Lake in Latakia. Also, local and regional press covered the signing ceremony for an MOU between the Syrian Ministry of Tourism and the Qatari "al-Diyar Real Estate Investment" company for the setting up of a \$250 million tourism resort in the Iben Hani Gulf in Latakia which is scheduled to be completed within three years.

7. Tourism: Government-controlled press continued to assert that, despite the war conditions that prevailed in the region last summer, the number of tourists visiting the country during the first six months of 2006 increased 9% reaching 1.5 million compared to 1.4 million during the same period last year. Articles claimed that the overall number of arrivals in Syria, including one-day travelers from neighboring countries, rose by 2.1% from 2.5 million tourists during the first half of 2005 to 2.6 million tourists for the same period of 2006. Dailies focused on the increase in the number of Iranian tourists as the number increased by 23% from 112,487 in the first semester of 2005 to 137,853 in 2006. According to press reports, the number of one-day visitors from Lebanon continued to fall for the second year in the row reaching 1.1 million compared to 1.2 million, a decrease of 6%.